

Message Text

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ACTION NEA-10

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C O N F I D E N T I A L TEL AVIV 7742

E.O. 11652: GDS

TAGS: ENRG, IS

SUBJECT: OIL EXPLORATION IN ISRAEL

1. IN CONVERSATION ON OCTOBER 22 WITH E/C COUNSELOR (SEE MEMCON), MANAGING DIRECTOR LIOR OF ISRAEL NATIONAL OIL COMPANY EXPRESSED CONCERN ABOUT QUALITY OF ISRAEL'S OIL EXPLORATION EFFORT. HE CITED LOGGING SERVICES AS AN AREA WHERE WORK SO FAR HAD NOT BEEN UP TO STANDARD. ISRAEL, HE SAID, HAD TRIED HARD TO PERSUADE SCHLUMBERGER CORP. TO PARTICIPATE IN SEISMIC MAPPING OPERATION IN ISRAEL BUT SO FAR FIRM HAD DECLINED TO DO SO.

2. FOLLOWING LETTER DATED NOVEMBER 12 HAS NOW BEEN RECEIVED FROM LIOR:

"DEAR MR. DOZIER,

FOLLOWING OUR CONVERSATION DATED 22 OCTOBER, 1976, WE WOULD LIKE TO REITERATE THE DIFFICULTIES WE ARE HAVING IN ACQUIRING LOGGING SERVICES FROM SCHLUMBERGER CORPORATION (277 PARK AVENUE N.Y., N.Y. 10017) WHICH IS THE LEADING FIRM IN THIS FIELD.

AS YOU KNOW, SOME VERY SOPHISTICATED LOGGING TECHNIQUES ARE USED IN MODERN OIL EXPLORATION AND PRODUCTION. THESE WELL SERVICES ARE INDISPENSABLE BOTH TO THE GEOLOGISTS AND ENGINEERS.

ALREADY AT A VERY EARLY PHASE OF EXPLORATION IN

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ISRAEL, WE MANAGED TO SECURE THE SERVICES OF SCHLUM-

BERGER, OPERATING IN ISRAEL UNDER THE NAME OF EASTERN SERVICES.

UNFORTUNATELY, THE ABOVE CORPORATION DECIDED IN THE MIDDLE OF 1960 TO PULL-OUT OF THE COUNTRY, USING THE PRETEXT, THAT PAYMENTS WERE NOT MADE ON TIME. RECENTLY, WHEN THE GOVERNMENT OF ISRAEL STEPPED UP THE EXPLORATION ACTIVITY, AND REALIZING THAT THE LOGGING FACILITIES AVAILABLE TO US ARE INADEQUATE, WE APPROACHED SCHLUMBERGER, DIRECTLY AND INDIRECTLY, PROPOSING THAT THEY EITHER RENDER THEIR SERVICES OR SELL US THE LOGGING TOOLS.

TALKS HELD WITH SCHLUMBERGER EXECUTIVES IN NEW YORK IN JANUARY 1976 AND IN PARIS IN FEBRUARY 1976 DID NOT LEAD TO ANY FRUITFUL RESULTS. IT SHOULD BE EMPHASIZED THAT WE ACTUALLY NEVER RECEIVED A NEGATIVE RESPONSE FROM SCHLUMBERGER IN NEW YORK, BUT INSTEAD WE WERE REFERRED TO THEIR PARIS OFFICE, WHERE OUR PROPOSAL WAS TURNED DOWN, EXPLAINING TO THE PERSON ACTING ON OUR BEHALF, THAT THEY HAVE A MULTI-MILLION BUSINESS IN ARAB COUNTRIES WHICH THEY CANNOT JEOPARDIZE. WE WOULD BE GLAD TO GIVE YOU ANY ADDITIONAL INFORMATION IF REQUIRED. YOURS SINCERELY, (SIGNED) L. LOR, MANAGING DIRECTOR."

3. ACTION REQUESTED: AS DEPARTMENT IS AWARE, ISRAEL IS CURRENTLY IN THE SECOND YEAR OF ITS MAJOR, FIVE-YEAR PROGRAM TO DISCOVER OIL. TO DATE NO SIGNIFICANT DISCOVERY HAS BEEN MADE ALTHOUGH A NUMBER OF HOLES HAVE BEEN DRILLED; THUS ISRAEL REMAINS DEPENDENT ON IMPORTED OIL FOR VIRTUALLY ALL OF ITS ENERGY. THERE ARE 15 DRILLING OPERATIONS CURRENTLY UNDER WAY, TEN OF WHICH ARE IN ISRAEL PROPER, AND OFFSHORE DRILLING WILL SHORTLY BEGIN. SINCE SCHLUMBERGER IS THE DOMINANT FIRM IN THE LOGGING BUSINESS, THERE SEEMS LITTLE DOUBT THAT THE FIRM COULD BE HELPFUL AT THE CURRENT STAGE OF ISRAEL'S OIL EXPLORATION. MOREOVER, THE EXPERTS AGREE THAT THE PROSPECTS FOR FINDING OIL IN ISRAEL ARE FAIRLY GOOD. SINCE IT WOULD BE IN THE U.S. INTEREST FOR ISRAEL TO FIND A SIGNIFICANT QUANTITY OF OIL, IN ISRAEL PROPER, WE PROPOSE THAT THE DEPARTMENT ASK

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SCHLUMBERGER TO LOOK INTO THE POSSIBILITY OF MAKING EITHER ITS SERVICES OR EQUIPMENT AVAILABLE TO ISRAEL. THE DEPARTMENT WOULD PRESUMABLY WISH TO INFORM SCHLUMBERGER THAT NEITHER ITS SERVICES NOR ITS EQUIPMENT SHOULD BE USED FOR OIL EXPLORATION IN THE OCCUPIED TERRITORIES.

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